



Norman H. Bangarter
Governor
Dee C. Hansen
Executive Director
Dianne R. Nielson, Ph.D.
Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

May 3, 1991

CERTIFIED RETURN RECEIPT P 074 978 819

Mr. Thomas J. Peck, Vice President
Thomas J. Peck and Sons, Inc.
76 South 600 East
Lehi, Utah 84043

Dear Mr. Peck:

Re: Surety Release, Thomas J. Peck and Sons, Nephi Gypsum Quarry, M/023/011, Juab County, Utah

During a phone conversation on April 24, 1991, between Mr. Sterling Orton of First Security Bank of Utah (formally Deseret Bank) and a member of our staff (Joelle Burns), the Division of Oil, Gas and Mining (Division) was informed that a reclamation surety, in the form of a Standby Irrevocable Letter of Credit (ILOC) for Thomas J. Peck and Sons, had been released through a phone call from a Mrs. Peck. This surety release was made without Division concurrence or authorization.

On May 4, 1988, the Board of Oil, Gas and Mining (Board) formally approved of a "Collateral Bonding and Indemnity Agreement", which you had signed and submitted as the form of reclamation surety for the Nephi Gypsum Quarry. The Standby ILOC was made part of this agreement. Termination of this agreement cannot occur without one of the following conditions being met:

1. The operator must successfully reclaim the mining properties to the satisfaction of the Division and in accordance with the requirements of the Utah Mined Land Reclamation Act, Title 40-8, et. seq., 1987, and request formal release from further liability from the Division, or
2. The operator must give the Division 90 days advance written notice of his intention to terminate the agreement. The operator then has 90 days to provide an alternative form of reclamation surety or face Division forfeiture of the existing surety, immediate cessation of all mining activities and complete reclamation of the mine site disturbances.